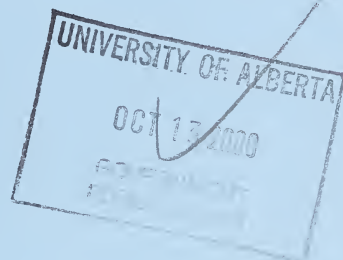




public
accounts
1999-00

**volume 1 — financial statements
of the Province
of Manitoba**



**Manitoba
Finance**



HJ
9921
Z9
M34
M26
1999/
2000:
v.1
HSS

for the year ended March 31, 2000



EX LIBRIS
UNIVERSITATIS
ALBERTENSIS



**Minister of
Finance**

Room 103
Legislative Building
Winnipeg, Manitoba, CANADA
R3C 0V8

TO THE HONOURABLE PETER LIBA
Lieutenant-Governor General of the Province of Manitoba

May It Please Your Honour:

I have the privilege of presenting, for the information of Your Honour, the Public Accounts of the Province of Manitoba for the year ended March 31, 2000.

The Public Accounts have been restructured to reflect the intent to focus more attention on the summary results of the government reporting entity while still reporting on the government's stewardship over the Consolidated Fund that is comprised of the Operating and Special Funds. As a result, Volume I of the Public Accounts now contains the summary financial statements of the reporting entity in section 1 and combined financial statements of the Operating Fund and Special Funds in section 2.

Section 6 of The Balanced Budget, Debt Repayment and Taxpayer Protection Act requires the Minister of Finance to report on compliance with the Act in the audited financial statements of the Operating Fund for each fiscal year. The Combined Statement of Revenue and Expenditure shows a surplus of \$11 million in the Operating Fund. The Government is therefore in compliance with the Act.

In accordance with the Balanced Budget legislation, this surplus will be transferred to the Province's Fiscal Stabilization Fund to ensure a provision exists for unforeseen future revenue reductions or abnormal expenditure pressures.

Honourable Greg Selinger
Minister of Finance

Officer of the Minister of Finance
September 21, 2000

[illegible]

PAGE

THE UNIVERSITY OF CHICAGO PRESS

INTRODUCTION TO THE PUBLIC ACCOUNTS OF MANITOBA	5
	SECTION
SUMMARY FINANCIAL STATEMENTS.....	1
OPERATING FUND AND SPECIAL FUNDS FINANCIAL STATEMENTS	2

INTRODUCTION TO THE PUBLIC ACCOUNTS OF MANITOBA

The Public Accounts of the Province of Manitoba are prepared by statutory requirement, in accordance with the Financial Administration Act, which is Chapter F55 of the Continuing Consolidation of the Statutes of Manitoba. The Public Accounts for the fiscal year ended March 31, 2000 consist of four volumes:

Volume 1

- Contains the audited Summary Financial Statements of the government. These statements reflect the consolidation of the financial operations of the Government Reporting Entity.
- Contains the audited Financial Statements of the Operating Fund and Special Funds of the government.

Volume 2

- Contains the audited Schedule of Public Sector Compensation Payments of \$50,000 or More.
- Contains details of unaudited payments in excess of \$5,000 to corporations, firms, individuals, other governments and government agencies.

Volume 3

- Contains the details of the Operating Fund Financial Statements.
- Contains the details of the Operating Fund borrowings and guarantees.
- Contains the details of the Operating Fund revenue and expenditure.
- Contains information provided under Statutory Requirement.
- Contains information concerning certain Operating Fund financial indicators.
- Contains glossary information.

These statements are all unaudited with the exception of the following:

- The Report of Amounts Paid to Members of the Assembly; and
- The Northern Affairs Fund

Volume 4

- Contains the audited financial statements of funds, organizations, agencies and enterprises included in the Government Reporting Entity.

CONTENTS OF VOLUME 1

Section 1 - Summary of Financial Statements


This section contains the Summary Financial Statements of the government and schedules of supporting information. These statements reflect the consolidation of the financial operations of all organizations integral to the overall operations of the government in performing its executive function.

Section 2 - Operating Fund and Special Funds Financial Statements

This section contains the Financial Statements of the Operating Fund and Special Funds of the government and schedules of supporting information.

[illegible][illegible][illegible][illegible]

Statement of Responsibility	1 - 3
Auditor's Report	1 - 5
Consolidated Statement of Financial Position.	1 - 7
Consolidated Statement of Revenue and Expenditure	1 - 8
Consolidated Statement of Accumulated Deficit	1 - 9
Consolidated Statement of Changes in Financial Position.	1 - 10
Notes to the Summary Financial Statements	1 - 11
Schedules to the Summary Financial Statements	
Schedule 1 - Consolidated Borrowings	1 - 20
Schedule 2 - Consolidated Accounts Payable, Accrued Charges, Provisions and Deferrals.	1 - 21
Schedule 3 - Consolidated Amounts Receivable	1 - 22
Schedule 4 - Consolidated Loans and Advances	1 - 23
Schedule 5 - Government Enterprises Summary of Consolidated Operating Results and Financial Position.	1 - 24
Schedule 6 - Consolidated Long-Term Investments	1 - 25
Schedule 7 - Consolidated Tangible Capital Assets.	1 - 26
Schedule 8 - Funds, Organizations and Enterprises Comprising the Government Reporting Entity.	1 - 27
Schedule 9 - Reconciliation of Operating Fund Budgetary Surplus to Consolidated Net Income. . .	1 - 30
Schedule 10 - Reconciliation of Operating Fund Accumulated Deficit to Consolidated Accumulated Deficit.	1 - 31
Schedule 11 - Consolidated Net Debt	1 - 32



Digitized by the Internet Archive
in 2017 with funding from
University of Alberta Libraries

STATEMENT OF RESPONSIBILITY

The Summary Financial Statements are prepared under the direction of the Minister of Finance in accordance with the stated accounting policies of the government reporting entity and include consolidated statements of financial position, revenue and expenditure, accumulated deficit, changes in financial position, schedules and notes to the statements. Together, they present fairly, in all material respects, the financial condition of the government reporting entity at the fiscal year end and the results of its operations for the year then ended.

The government is responsible for the integrity and objectivity of the Summary Financial Statements. In the preparation of these statements, estimates are sometimes necessary because a precise determination of certain assets and liabilities is dependent on future events. The government believes such estimates have been based on careful judgements and have been properly reflected in the Summary Financial Statements.

These financial statements are tabled in the Legislature. They are referred to the Standing Committee on Public Accounts, which reports to the Legislature on the results of its examination together with any recommendations it may have with respect to the financial statements and accompanying audit opinion.

On behalf of the Government

A handwritten signature in black ink, appearing to read 'Selinger', is written over the printed name.

HONOURABLE GREG SELINGER
Minister of Finance
September 21, 2000



Office of the Provincial Auditor

500 - 330 Portage Avenue
Winnipeg, Manitoba
CANADA R3C 0C4

AUDITOR'S REPORT

**On the Summary Financial Statements for the Government Reporting Entity
Province of Manitoba**

To the Legislative Assembly of Manitoba

I have audited the Consolidated Statement of Financial Position of the Government of the Province of Manitoba as at March 31, 2000 and the Consolidated Statements of Revenue and Expenditure, Accumulated Deficit and Changes in Financial Position for the year then ended. These Consolidated Statements are referred to as the Summary Financial Statements for the Government Reporting Entity and are the responsibility of the Government of the Province of Manitoba. My responsibility is to express an opinion on these Summary Financial Statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these Summary Financial Statements for the Government Reporting Entity present fairly, in all material respects, the Consolidated Financial Position of the Government of the Province of Manitoba as at March 31, 2000 and the consolidated results of its operations and changes in its financial position for the year then ended in accordance with the accounting policies stated in Note 1 to the Summary Financial Statements for the Government Reporting Entity and applied, except as described in Note 3 and Note 4 to the Summary Financial Statements for the Government Reporting Entity, on a basis consistent with that of the preceding year.

Winnipeg, Manitoba
September 21, 2000



Jon Singleton, CA
Provincial Auditor

CONSOLIDATED STATEMENT OF FINANCIAL POSITION**As at March 31, 2000**

SCHEDULE		(\$ millions)	
		2000	1999
LIABILITIES			
1	Borrowings.....	19,878	18,667
	Less: Sinking funds.....	6,411	5,822
	Less: Debt incurred for and repayable by the Manitoba Hydro-Electric Board and Manitoba Telecom Services Inc.....	5,592	5,227
		7,875	7,618
	Less: Unamortized foreign currency fluctuation.....	215	389
	Net borrowings	7,660	7,229
2	Accounts payable, accrued charges, provisions and deferrals.....	1,666	1,401
	Pension liability (Note 9).....	2,906	2,766
	Liabilities of non-devolved health care facilities (Notes 1C).....	914	-
		13,146	11,396
ASSETS			
	Cash and equivalents.....	948	618
3	Amounts receivable.....	802	720
4	Loans and advances.....	555	532
5	Equity in government enterprises (Note 5).....	1,098	881
6	Other long-term investments.....	2	17
	Inventories.....	24	-
7	Tangible capital assets (Note 2).....	1,420	125
	Assets of non-devolved health care facilities (Notes 1C).....	1,007	-
		5,856	2,893
ACCUMULATED DEFICIT		7,290	8,503
		13,146	11,396

Information concerning the Government's Guarantees, Financial Commitments and Contingencies can be found in Notes 6, 7, and 8.

CONSOLIDATED STATEMENT OF REVENUE AND EXPENDITURE**For the Year Ended March 31, 2000**

	(\$ millions)	
	2000	1999
REVENUE		
Manitoba Collections:		
Retail sales tax.....	918	883
Fuel taxes.....	218	225
Levy for health and education.....	225	224
Liquor Control Commission.....	156	152
Manitoba Lotteries Corporation.....	225	225
Other taxes.....	370	348
Fees and other revenue.....	902	852
Income taxes:		
Corporation income tax.....	307	215
Individual income tax.....	1,611	1,807
Federal transfers:		
Equalization.....	1,271	912
Canada Health and Social Transfer.....	509	513
Federal Health Supplement.....	131	-
Shared cost and other.....	298	276
TOTAL REVENUE.....	7,141	6,632
EXPENDITURE		
Health.....	2,354	2,122
Education and Training.....	1,685	1,635
Family Services and Housing.....	822	764
Community, Economic and Resource Development.....	1,129	968
Justice and Other Governments.....	757	753
Debt Servicing (Note 12).....	479	517
TOTAL EXPENDITURE.....	7,226	6,759
NET EXPENDITURE.....	(85)	(127)
INCREASE IN EQUITY IN GOVERNMENT ENTERPRISES (Schedules 5 and 9).....	217	145
CONSOLIDATED NET INCOME (Schedule 9)	132	18

CONSOLIDATED STATEMENT OF ACCUMULATED DEFICIT**For the Year Ended March 31,2000**

	(\$ millions)	
	2000	1999
Balance, beginning of year (as previously reported).....	8,503	8,424
Restatement (Note 14).....	<u>40</u>	<u>-</u>
Balance, beginning of year (as restated).....	8,543	8,424
Changes in accounting policy (Note 3)		
Tangible capital assets.....	(842)	-
Regional Health Authorities.....	(165)	-
Accrual of severance pay liability.....	-	105
Inventories.....	(15)	-
Equity in non-devolved health care facilities (Note 1C and Note 4).....	(93)	-
Repurchase of serial debentures (Note 1E).....	(6)	(8)
Consolidated net income for the year.....	(132)	(18)
	<u> </u>	<u> </u>
Balance, end of year.....	<u>7,290</u>	<u>8,503</u>

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

For the Year Ended March 31, 2000

	2000	1999
Cash and equivalents provided by (used in)		
Operating activities:		
Consolidated net income for the year.....	132	18
Changes in non-cash items:		
Amounts receivable.....	(82)	(55)
Valuation allowance.....	41	12
Inventories.....	(9)	-
Accounts payable, accrued charges, provisions and deferrals.....	249	69
Pension liability.....	140	194
Amortization of foreign currency fluctuation.....	45	63
Amortization of debt discount.....	11	10
Amortization of investment discounts and premiums.....	(5)	(10)
Amortization of tangible capital assets.....	61	-
	<u>583</u>	<u>301</u>
Changes in equity in government enterprises.....	(217)	(145)
	<u>366</u>	<u>156</u>
Investing activities:		
Made.....	(1,160)	(785)
Realized.....	570	596
Acquisition (disposals) of tangible capital assets.....	(186)	(94)
	<u>(776)</u>	<u>(283)</u>
Financing activities:		
Debt issued.....	2,828	2,275
Debt redeemed.....	(1,487)	(1,624)
Changes in sinking funds.....	(601)	(628)
	<u>740</u>	<u>23</u>
Changes in cash and equivalents.....	330	(104)
Cash and equivalents, beginning of year.....	618	722
Cash and equivalents, end of year.....	<u><u>948</u></u>	<u><u>618</u></u>

**NOTES TO THE SUMMARY FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2000**

1. SIGNIFICANT ACCOUNTING POLICIES

A. General Basis of Accounting

The Summary Financial Statements have been prepared in accordance with generally accepted public sector accounting principles established by the Canadian Institute of Chartered Accountants (CICA), with certain exceptions:

- 1) Material adjustments resulting from changes in accounting policy or from the correction of an error which are attributable to and identifiable with prior periods are recorded prospectively. It is the government's practice to reflect the effects of such adjustments in the accumulated deficit. Prior year balances are therefore not restated.
- 2) The process of establishing the completeness and reasonableness of the estimated historical cost of the tangible capital assets is ongoing. During the year, the government completed the development of a historical cost database for all tangible capital assets except for land. Development of the land database is still underway and is expected to be completed for the March 31, 2001 fiscal year. Reporting policies are currently being developed and information gathered for other expenditures which include infrastructure such as highways and land acquired for public use as well as certain works of art and historical treasures.

These accounting policies have been developed and are applied in accordance with the provisions of the Financial Administration Act of the Province of Manitoba.

B. The Reporting Entity

Various funds, Crown organizations and government enterprises comprising the government reporting entity are listed in Schedule 8.

The Operating Fund and Special Funds financial statements report amounts recorded as government revenue, expenditure on government programs, the lending and investment of government funds and the borrowing and repayment of debt.

To be considered a part of the government reporting entity, an organization must be accountable for the administration of its financial affairs and resources to a minister of the government, or directly to the Legislature, and must be owned and/or controlled by the government, as determined by legislative provisions or by a majority holding of voting share capital.

All educational institutions receive most of their financial resources from voted appropriations which are recorded as expenditures. Some of these institutions are separately incorporated, not owned or controlled by the government and are required to report separately on their stewardship. Accordingly, they are not consolidated in these financial statements. Those educational institutions that are consolidated in these financial statements are listed in Schedule 8.

C. Basis of Consolidation

Crown organizations are consolidated after adjusting their accounting policies to a basis consistent with the accounting policies of the government reporting entity. Inter-entity accounts and transactions are eliminated upon consolidation, except for retail sales tax and the levy for health and education. Where the fiscal year end dates of Crown organizations are not the same as that of the government reporting entity and their transactions significantly affect the financial statements, their financial results are updated to March 31.

Government enterprises, whose principal activity is carrying on a business, maintain their accounts in accordance with accounting principles which are generally accepted for business enterprises and which are considered appropriate to their individual objectives and circumstances. They derive the majority of their revenue from sources outside the government reporting entity. They are reported in these Summary Financial Statements using the modified equity method of accounting without adjusting their accounting policies to a basis consistent with that of the government reporting entity. The financial results of enterprises are not updated to March 31 where their fiscal year end is not the same as that of the government reporting entity. Inter-entity accounts and transactions with government enterprises are not eliminated, nor are normal operating inter-entity transactions disclosed separately. Supplementary financial information describing the financial position and results of operations of these enterprises is presented in Schedule 5.

All health care facilities are considered to be part of the government reporting entity. As at March 31, 2000, certain facilities that were previously owned and operated by health corporations have transferred their ownership and operating control to Regional Health Authorities (devolved) while 64 facilities have not devolved. As a result, the assets, liabilities and equity of non-devolved health care facilities have been disclosed on a combined basis.

D. Basis of Specific Accounting Policies

Revenue

All revenues are recorded on an accrual basis except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable. A further exception concerns entitlements from the Government of Canada that are recorded on a cash basis except for accruals of prior year adjustments determined before June 30 each year.

Expenditures

All expenditures incurred for goods or services received are recorded on an accrual basis. Exceptions to this policy involve the acquisition of inventories acquired for the government's use that are reflected as expenditures when incurred.

Expenditures include provisional amounts recorded in anticipation of future costs which are quantifiable and have been identified as obligations such as housing renovations.

Gross Accounting Concept

Revenues and expenditures are recorded in gross amounts with the following exceptions.

- 1) The municipal share of individual and corporation income taxes, which is collected through the Government of Canada and remitted by the Province of Manitoba to municipalities in accordance with the Provincial-Municipal Tax Sharing Act, is not recorded as revenue or expenditure.
- 2) Refunds of revenue are treated as reductions of current year revenue.
- 3) Decreases in valuation allowances previously provided are treated as reductions to expenditure.
- 4) Recoveries of the debt servicing costs on self-supporting debt and income earned on investments and advances are recorded as a reduction of debt servicing expenditure.

Liabilities and Assets

- 1) All borrowings are expressed in Canadian dollars and are shown net of sinking funds, unamortized debt issue costs and debt of the Province of Manitoba held as provincial investments. Foreign borrowings are converted at the exchange rate in effect at March 31 adjusted for any foreign currency contract entered for settlement after the fiscal year end. Discounts or premiums, and commissions incurred at the time of the issue of debt are amortized annually to debt servicing expense over the term of the debt.
- 2) The amount of the pension liability is based on actuarial calculations. When actual experience varies from actuarial estimates, the adjustments needed are amortized over the expected average remaining service life of the employee groups.

- 3) The year end translation adjustments reflecting the foreign currency fluctuation from the value at the issue date are recorded through the unamortized foreign currency fluctuation account, and amortized annually to debt servicing expense over the remaining term of the debt. The unamortized portion of foreign currency fluctuation reflects the gains or losses on the conversion of foreign currency debt called prior to maturity using the rates in effect at the time of the call.
- 4) Loans, advances and long-term investments are recorded at cost less valuation allowances. A valuation allowance is provided to reduce the value of the assets to their estimated realizable value or to reflect the impact of significant concessionary terms on outstanding loans. Premiums that may arise from the early repayment of loans or advances are reflected as deferred revenue and are amortized annually to debt servicing expense over the term of the related debt issue.
- 5) Investments denominated in foreign currency are translated to the Canadian dollar equivalent at the exchange rate in effect at March 31, unless the rate of exchange or a forward exchange contract fixing the value has been negotiated, in which case that rate or amount is used. The year end investment translation adjustments reflecting the foreign exchange fluctuation between year ends are amortized annually to debt servicing expense over the remaining life of the investment. Expenses and other transaction charges incurred on the purchase of investments during the year are charged to debt servicing expense. Those expenses incurred in foreign currency are translated at the exchange rate in effect on the transaction date.
- 6) Inventories held for resale are recorded at the lower of cost and net realizable value.
- 7) Tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Buildings	25 to 40 years
Vehicles	5 years
Aircraft and vessels	
- Aircraft frames	24 years
- Aircraft motors	5 years
- Vessels	24 years
Machinery, equipment and furniture	10 years
Road construction and maintenance equipment	15 years
Computer hardware and software	4 to 15 years
Leasehold improvements	Life of lease

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal where the portion of useful life remaining exceeds six months.

- 8) If a tangible capital asset is received as a donation, it will be recorded at its fair market value with the same amount being shown as a deferred contribution which is to be amortized to revenue on the same basis as the asset is amortized. Where the acquisition cost of a tangible capital asset is shared with other jurisdictions under a shared cost agreement, such contributions are deducted from the cost of the related asset with any amortization calculated on the net amount.

E. Serial Debentures of School Divisions and Districts

The accumulated deficit of the government reporting entity includes amounts related to serial debentures of school divisions and districts, acquired by the government in prior years. The government is primarily responsible for funding the redemption of these debentures; accordingly these amounts are not reflected as assets. As the funding for annual redemptions flow from the appropriations of the government to the school divisions and districts, and then back to the Province, the accumulated deficit of the government reporting entity is reduced by the amount of such redemptions.

2. TANGIBLE CAPITAL ASSETS

	Cost	(\$ millions) Accumulated Amortization	Net Book Value
Land – see note 1. A. 2	25	-	25
Buildings	1,333	439	894
Vehicles	59	31	28
Aircraft and vessels	43	21	22
Machinery, equipment and furniture	311	211	100
Road construction and maintenance equipment	47	33	14
Computer hardware and software	256	99	157
Leasehold improvements	10	4	6
Assets under construction	174	-	174
	<u>2,258</u>	<u>838</u>	<u>1,420</u>

3. CHANGES IN ACCOUNTING POLICY

Effective April 1, 1999, the government made accounting policy changes to introduce the capitalization of tangible capital assets and inventories held for resale. As a result, as at April 1, 1999, there was an increase in net tangible capital assets of \$842 million and a \$15 million increase for inventories held for resale with corresponding decreases in accumulated deficit of the same amounts.

Effective April 1, 1999, the government made an accounting policy change to include Regional Health Authorities (RHA's) in the government reporting entity. The net equity of the RHA's of \$165 million resulted in a reduction in the opening accumulated deficit at April 1, 1999 of the same amount.

4. EQUITY IN NON-DEVOLVED HEALTH CARE FACILITIES

The government has adopted a policy of including the assets, liabilities and equity of health care facilities, which have not devolved their ownership to RHA's, in its financial statements on a combined basis. This resulted in a reduction in the accumulated deficit of \$93 million as at March 31, 2000. This equity amount includes net income of \$28 million for 1999-2000.

5. EQUITY IN GOVERNMENT ENTERPRISES

The category definitions are as follows:

Utility:

An enterprise which provides public utility services for a fee.

Insurance:

An enterprise which provides insurance coverage services to the public for a fee.

Finance:

Enterprises which provide regulatory control and are revenue generating, or enterprises which use economy of scale to deliver goods and services to non-government clients.

Resource Development:

Enterprises charged with the development of various industries and/or the delivery of various goods and services which will assist the provincial economy.

Included in the equity in government enterprises are equities which are restricted for use by provincial legislation and thereby not available to discharge government liabilities or to finance other government programs.

Equity in government enterprises is comprised of:

	(\$ millions)	
	2000	1999
Restricted Equity in Government Enterprises:		
Manitoba Hydro-Electric Board	818	666
Manitoba Public Insurance Corporation	181	130
Workers Compensation Board	77	68
	<u>1,076</u>	<u>864</u>
Unrestricted Equity in Government Enterprises:		
Leaf Rapids Town Properties Ltd	2	3
Manitoba Hazardous Waste Management Corporation	5	6
Manitoba Lotteries Corporation	5	-
Manitoba Product Stewardship Corporation	7	6
Manitoba Public Insurance Corporation	3	2
	<u>22</u>	<u>17</u>
Equity in Government Enterprises	<u>1,098</u>	<u>881</u>

6. GUARANTEES

The government reporting entity has guaranteed the repayment of promissory notes, bank loans, lines of credit, mortgages and other securities. The outstanding guarantees are as follows:

	(\$ millions)	
	2000	1999
Promissory notes, bank loans, lines of credit and other	106	91
Manitoba Grow Bonds	<u>9</u>	<u>8</u>
Total guarantees outstanding	<u>115</u>	<u>99</u>

7. FINANCIAL COMMITMENTS

The government reporting entity has approved long-term financial arrangements of various entities wherein indebtedness has been issued that is not guaranteed by the government, but funding assistance is provided annually from appropriations of the Operating Fund. The government reporting entity has also made future commitments against appropriations under long-term contracts that cover the rental or acquisition of tangible capital assets. These financial commitments as at March 31 are as follows.

	(\$ millions)			
			2000	1999
Financial arrangements for completed projects:				
Public schools			367	350
Hospitals and personal care homes			-	450
			<u>367</u>	<u>800</u>
Future commitments:				
	Government Enterprises	Other		
Tangible capital assets, infrastructure and capital grants	190	181	371	459
Rental of tangible capital assets	47	100	147	156
Housing construction and approved mortgages	-	20	20	20
	<u>237</u>	<u>301</u>	<u>538</u>	<u>635</u>
			<u>905</u>	<u>1,435</u>

Finally, the government reporting entity has commitments which are not capital in nature, related primarily to future loans and grants, the maintenance of desktop equipment and the maintenance of social housing units, totalling \$104 million (1999 - \$108 million).

8. CONTINGENCIES

No provision has been made at March 31, 2000 in the accounts for the following significant contingencies as the final results are uncertain.

A. Canadian National Railways (CNR)

The CNR has requested a declaration that The Retail Sales Tax Act does not apply to a major part of its costs related to railway rolling stock. CNR is requesting a refund of sales tax it has paid in that respect.

B. Flood Costs

A provision has been made at March 31, 2000, for claims related to the floods that occurred in 1997 and 1999. The final amount of the government's share of these costs in the future is uncertain at the date these financial statements were issued.

9. PENSION LIABILITY

The government of the Province of Manitoba supports six separate pension plans. These include the Civil Service Plan (CSP), the Teachers' Plan (TP), the Members of the Legislative Assembly Plan (MLAP), the University of Manitoba Pension Plan, the Healthcare Employees Pension Plan (HEPP) and the Brandon University Retirement Plan. HEPP offers retirement benefits to employees of health care facilities. The pension plans for the universities of Manitoba and Brandon and HEPP are fully funded. There is no unfunded liability reported by the actuaries of the university pension plans.

Actuarial valuations for funding purposes are performed on the CSP and the TP triennially. The most recent dates for these valuations were December 31, 1998 and January 1, 1998 respectively. An actuarial valuation of the MLAP was performed as at March 31, 1997.

The actuarial valuations were based on a number of assumptions about future events, such as interest rates, wage and salary increases, inflation rates and rates of employee turnover, disability and mortality.

Long-term inflation anticipated by the actuary is provided for information purposes. Inflation can affect the level of salaries and the level of interest rates as well as escalate the indexation rate used. In calculating future contributions, actuarial projections in respect of the rate of increases for inflation used an annual rate of increase equal to 3.0% (CSP), 3.75% (MLAP) and 2.0% (TP) for three years and 3.25% thereafter with a rate of return on investments of 7.0% (CSP), 7.5% (MLAP) and 7.0% (TP). Projected salary increases range from 2.0% to 4.5%.

During the year, no amendments were made to the CSP, TP and MLAP.

The components of the unfunded pension liability and expense are as follows:

	(\$ millions)		
	Pension Expense 2000	Pension Liability 2000	Pension Liability 1999
Operating Fund			
Civil Service Superannuation Fund			
Unamortized Experience Gain		132	142
Pension Liability	100	1,116	1,052
Members of the Legislative Assembly	3	31	30
Teacher's Retirement Allowances Fund	150	1,607	1,526
Crown organizations (CSP)	<u>23</u>	<u>20</u>	<u>16</u>
	<u>276</u>	<u>2,906</u>	<u>2,766</u>

The pension liabilities of government enterprises are disclosed in Schedule 5 with the exception of the Manitoba Liquor Control Commission which is part of the Civil Service Superannuation Fund amount noted above.

A. Civil Service Plan

The Civil Service Superannuation Act (CSSA) established a defined benefit plan to provide benefits to employees of the Manitoba Civil Service and to participating agencies of the government through the Civil Service Superannuation Fund (CSSF).

As at March 31, 2000, the CSP had approximately 36,600 participants including active members, retired employees and former employees with entitlements.

Certain amendments to the CSSA were made in 1992 which required that the CSSF establish and fund a separate account in an amount sufficient to cover the government's share of pension costs attributable to the 1992 amendments to the CSSA. The CSSF account maintained on behalf of the government at March 31, 2000 was \$24 million.

The lifetime pension calculation equals 2% of a member's best five years average yearly pensionable earnings multiplied by pensionable service, minus 0.6% of the average Canada Pension Plan (CPP) earnings for the same period multiplied by pensionable service since January 1, 1966. The CSSA requires that employees contribute 5.1% on pensionable earnings up to the CPP maximum earnings, and 7.0% of pensionable earnings above the maximum. 89.8% of contributions are used to fund basic benefits and 10.2% of contributions are allocated for indexing benefits. Contributions continue until the employee's retirement or other termination from service. Employee contributions for the year ended March 31, 2000 amounted to \$51 million.

Indexing benefits are not guaranteed and are paid only to the extent that the indexing adjustment account in CSSF can finance one-half of cost-of-living increases granted. The maximum annual adjustment is limited by legislation to two-thirds of the increase in the consumer price index for Canada.

The government does not make contributions to the CSSF during employees' service. By legislation, however, it is required to pay 50% of the pension disbursements made from the CSSF. For the year ended March 31, 2000, payments of \$67 million were made to the CSSF.

An actuarial valuation report of the government's liability to the employees included in the CSSF was completed as of December 31, 1998. The report provides a formula to update the liability on an annual basis. In accordance with the formula, the government's actuarial liability has been calculated on an indexed basis to be \$1,116 million as at March 31, 2000 (1999 - \$1,052 million). The CSSA indicates that the calculation shall provide for annual indexing on the condition that the adjustment does not result in an unfunded pension liability in the CSSF.

The report disclosed an experience gain of \$152 million which will be amortized over the 15 year expected average remaining service life of the employee groups. The 1999/2000 amortization was \$10 million.

B. Teachers' Plan

The Teachers' Pension Act (TPA) established a defined benefit plan to provide pension benefits to teachers who have taught in public schools in Manitoba.

As at March 31, 2000, the Teachers' Retirement Allowances Fund (TRAF) had approximately 28,200 participants including active members, retired teachers and former teachers with entitlements.

The lifetime pension calculation is based upon the lesser of A or B:

- A) The years of service prior to July 1, 1980, multiplied by 2% and the average salary of the best 7 of the final 12 years of service and years of service after July 1, 1980, multiplied by 2% and the average salary of the best 5 of the final 12 years of service;

less

The years of service from January 1, 1966, to July 1, 1980, multiplied by .6% and the average annual salary up to the yearly maximum pensionable earnings for the same period and years of service after July 1, 1980, multiplied by .6% and the annual salary up to the yearly maximum pensionable earnings for the same period.

- B) 70% of the weighted average annual salary of the member in the 7 and 5 year periods used above.

The TPA requires that teachers contribute 5.7% on pensionable earnings up to the CPP maximum earnings, and 7.3% on pensionable earnings above the maximum. 83.6% of contributions are used to fund basic benefits and 16.4% of contributions are allocated for indexing benefits. Contributions continue until the teacher's retirement or other termination from service. Teacher contributions for the year ended March 31, 2000, amounted to \$45 million.

Indexing benefits are not guaranteed and are paid only to the extent that one half of the pension adjustment does not result in an unfunded pension liability in TRAF.

The government does not make contributions to TRAF during teachers' service. By legislation, however, it is required to pay 50% of pension disbursements and other disbursements made by TRAF as provided for in the TPA. For the year ended March 31, 2000, payments of \$69 million were made to TRAF.

An actuarial report was completed for TRAF as of January 1, 1998, which determined the government's pension liability on an indexed basis. The report provides a formula to update the liability on an annual basis. In accordance with the formula, the government's actuarial liability has been calculated on an indexed basis to be \$1,607 million at March 31, 2000 (1999 - \$1,526 million).

C. Members of the Legislative Assembly Plan

The pension plan for Members of the Legislative Assembly (MLA's) is established and governed by the Legislative Assembly Act (LAA). For MLA's elected prior to the dissolution of the Assembly of the 35th Legislature, the LAA provides for defined pension benefits based on years of service. For those elected after the 35th Legislature in April 1995, the LAA provides for matching contributions. As at March 31, 2000, there are 139 plan members (1999 - 128 members) who are entitled to receive future pension benefits in accordance with the LAA.

The calculation for defined pension benefits is equal to 3% of the average annual indemnities for the last five years served as a member or all the years served if less than five multiplied by the number of years of pensionable service up to April 1995. These entitlements are fully indexed to cost of living increases. An actuarial valuation was completed in September 1997 and provides a formula to update the liability on an annual basis. The government's liability is calculated to be \$31 million at March 31, 2000 (1999 - \$30 million).

Under the matching contributions provisions, MLA's may contribute up to 7% of their remuneration toward a Registered Retirement Savings Plan (RRSP) of their choice. The government matches the member's contributions on a current basis, consequently, there is no liability for past service benefits under this component of the plan. In the event that a member withdraws money from the RRSP while an active member of the Legislative Assembly, the government's contribution would be refundable.

10. AMOUNTS HELD IN TRUST

The government holds certain fiduciary trusts for investment or administration at March 31, 2000, totalling \$339 million (1999 - \$327 million). Such deposits are pooled with other available funds of the government for investment purposes and are accorded a market rate of interest.

The government also provides a safekeeping service for various departments, agencies, boards and commissions. In this capacity, it holds custodial trust funds in the form of bonds and other securities at March 31, 2000 totalling \$164 million (1999 - \$168 million).

The Civil Service Superannuation Fund, University of Manitoba Pension Plans and Brandon University Retirement Plan have been established by legislation to administer various pension and insurance trust funds to which the government reporting entity contributes but over which the government reporting entity has no power of appropriation. The total assets as at December 31st are as follows:

	(\$ millions)	
	1999	1998
Civil Service Superannuation Fund	2,070	1,963
University of Manitoba Pension Plans	745	681
Brandon University Retirement Plan	<u>73</u>	<u>69</u>
	<u>2,888</u>	<u>2,713</u>

11. PROVINCIAL MUNICIPAL TAX SHARING ACT

The municipal share of individual and corporation income taxes, which is collected through the Government of Canada and remitted by the Province of Manitoba to municipalities in accordance with The Provincial-Municipal Tax Sharing Act, is not recorded as revenue or expenditure. This amounted to \$71 million for the year ended March 31, 2000 (1999 - \$71 million).

12. DEBT SERVICING

Debt servicing costs are net of cost recoveries and interest income of \$1,049 million for the year ended March 31, 2000 (1999 - \$1,033 million).

13. SUBSEQUENT EVENT

Effective April 1, 2000, pursuant to the Regional Health Authorities Act, the Health Sciences Centre and the Urban Shared Services Corporation transferred their ownership and operating control to the Winnipeg Regional Health Authority.

14. RESTATEMENT

The March 31, 2000 accumulated deficit opening balance has been increased by \$40 million to reflect a restatement that resulted from unrecorded 1999 Family Services and Housing costs of \$30 million and unrecorded deferrals of \$10 million. This restatement resulted in a corresponding \$40 million increase in accounts payable and deferrals at March 31, 2000.

15. COMPARATIVE FIGURES

Certain of the 1999 financial statement figures have been restated to be consistent with the 2000 presentation.

SCHEDULE 1

CONSOLIDATED BORROWINGS

As at March 31, 2000

(\$ millions)

Fiscal Year of Maturity	Bonds and Debentures		Canada Pension Plan		Loans and Mortgages		Treasury Bills		Totals	
	Cdn	US	Cdn		Cdn		Cdn		2000	1999
2000.....	-	-	-	-	-	-	-	-	-	1,618
2001.....	1,535	509	111	-	-	532	-	2,687	2,687	2,205
2002.....	519	1,017	135	-	-	-	-	1,671	1,671	1,714
2003.....	1,359	1,070	132	-	-	-	-	2,561	2,561	2,113
2004.....	797	815	126	-	-	-	-	1,738	1,738	1,767
2005.....	1,145	70	119	-	-	-	-	1,334	1,334	872
2000-2005.....	5,355	3,481	623	-	-	532	-	9,991	9,991	10,289
2006-2010 Operating Fund.....	3,355	727	587	-	-	-	-	4,669	4,669	3,304
2011-2020 Operating Fund.....	1,983	945	296	-	-	-	-	3,224	3,224	3,220
2021-2031 Operating Fund.....	1,237	508	-	-	-	-	-	1,745	1,745	1,805
2001-2031 Crown Organizations.....	-	-	-	-	358	-	-	358	358	211
2006-2031.....	6,575	2,180	883	-	358	-	-	9,996	9,996	8,540
Total borrowings.....	11,930	5,661	1,506	-	358	532	-	19,987	19,987	18,829
Reduced by:										
Unamortized debt issue costs.....	31	9	-	-	-	-	-	40	40	33
Debt of the Province of Manitoba held as government investments.....	69	-	-	-	-	-	-	69	69	129
	11,830	5,652	1,506	-	358	532	-	19,878	19,878	18,667

March 31/00
Cdn \$ Valuation
(See Note)

March 31/99
Cdn \$ Valuation
(See Note)

Borrowings payable in:

Canadian dollars	11,473	10,386
Foreign issues swapped to Canadian dollars	2,853	2,046
U.S. dollars	5,087	5,517
Foreign issues swapped to U.S. dollars	574	880
Total borrowings	19,987	18,829

Note1: The Canadian dollar valuation is calculated using the foreign currency exchange rates in effect at each March 31 adjusted for any foreign currency contracts entered into for settlements after those dates.

Note 2: Interest rates on these borrowings range from approximately 4.39% to 17.51%.

SCHEDULE 2

CONSOLIDATED ACCOUNTS PAYABLE, ACCRUED CHARGES, PROVISIONS AND DEFERRALS

As at March 31, 2000

	(\$ millions)	
	2000	1999
Accounts payable.....	588	546
Accrued charges:		
Interest accrued on borrowings and trust funds.....	312	316
Other accrued liabilities:		
Agriculture Income Disaster Assistance Program.....	45	-
Agrometrological Centre of Excellence.....	1	-
Canada Manitoba Adjustment Program.....	100	-
Community Access Program.....	6	-
Compensation for Victims of Crime.....	20	20
Doctors' Settlement.....	-	9
Elections Manitoba 1999/2000.....	1	-
Farm Disaster Assistance Program.....	1	-
Flood Claims.....	14	14
Flood Costs 1997.....	10	11
Flood Costs 1999.....	3	-
Computer System Development	22	-
Gross Revenue Insurance Plan.....	17	19
Hepatitis C Assistance.....	12	12
Infrastructure Works Program.....	-	1
Land Acquisition Claims.....	2	2
Manfor Ltd. Divestiture.....	2	2
Municipal Assistance Program.....	1	11
Net Income Stabilization.....	3	3
Provision for Computer System Upgrades.....	-	59
Provision for Housing Renovations.....	26	14
Ruttan Mines Clean-up.....	6	-
Salaries and Benefits.....	239	195
Salt Point Bridge.....	-	1
Tripartite Land Assembly Program.....	2	2
Other.....	7	2
	540	377
Provision for future losses on guarantees.....	13	8
Deferrals.....	213	154
	1,666	1,401

SCHEDULE 3**CONSOLIDATED AMOUNTS RECEIVABLE****As at March 31, 2000**

	(\$ millions)	
	2000	1999
TAXATION REVENUE:		
Corporation capital tax.....	1	1
Corporation income tax.....	51	35
Gasoline tax.....	13	14
Health and education levy.....	21	17
Individual income tax.....	107	107
Insurance corporation tax.....	10	9
Motive fuel tax.....	6	7
Retail sales tax.....	83	90
Revenue Act, 1964, part 1.....	6	5
Tobacco tax.....	10	11
	<u>308</u>	<u>296</u>
GOVERNMENT OF CANADA AND OTHER GOVERNMENTS:		
Canada health and social transfer.....	84	4
Canada Mortgage and Housing Corporation.....	-	26
Municipal corporations.....	60	59
Provincial and territories.....	9	8
Shared cost programs/agreements.....	123	146
Other.....	1	-
	<u>277</u>	<u>243</u>
INTEREST:		
Province of Manitoba sinking fund.....	96	86
Other investments.....	12	16
	<u>108</u>	<u>102</u>
OTHER:		
Crop insurance.....	3	-
Health services.....	16	4
Manitoba Liquor Control Commission.....	3	-
Research and special projects.....	-	14
Tripartite stabilization plan.....	-	2
Vehicle registration.....	-	7
Water power rentals.....	5	4
Winnipeg Jets Hockey Team.....	-	1
Other.....	82	47
	<u>109</u>	<u>79</u>
	<u>802</u>	<u>720</u>

SCHEDULE 4**CONSOLIDATED LOANS AND ADVANCES****As at March 31, 2000**

	(\$ millions)	
	2000	1999
GOVERNMENT ENTERPRISES:		
Liquor Control Commission.....	5	5
Manitoba Hydro-Electric Board.....	6,854	6,202
Manitoba Lotteries Corporation.....	5	5
	<u>6,864</u>	<u>6,212</u>
OTHER:		
Canadian Hockey Association - World Junior Hockey Tournament.....	1	1
Hudson Bay Mining and Smelting Co. Ltd.....	28	28
Loans and mortgages.....	599	551
Manitoba Potash Corporation.....	3	3
Manitoba Telecom Services Inc.....	25	143
Regional family services agencies.....	6	6
Rural economic development initiatives program.....	3	2
Treaty Indian fuel tax.....	1	1
	<u>666</u>	<u>735</u>
Less: Valuation allowance.....	95	70
	<u>571</u>	<u>665</u>
	7,435	6,877
Less: Sinking funds provided for repayment of applicable debt.....	1,288	1,118
	<u>6,147</u>	<u>5,759</u>
Less: Debt incurred for and repayable by The Manitoba-Hydro Electric Board and Manitoba Telecom Services.....	5,592	5,227
	<u>555</u>	<u>532</u>
NET LOANS AND ADVANCES		

GOVERNMENT ENTERPRISES **SCHEDULE 5** **SUMMARY OF CONSOLIDATED OPERATING RESULTS AND FINANCIAL POSITION**

For the Year Ended March 31, 2000 *
(\$ millions)

	UTILITY	INSURANCE	FINANCE	RESOURCE DEVELOPMENT	TOTAL 2000	TOTAL 1999
RESULTS OF OPERATIONS						
Revenues: From operations	1,392	797	650	1	2,840	2,521
Transfers from the government	-	-	-	-	-	-
Total revenues	<u>1,392</u>	<u>797</u>	<u>650</u>	<u>1</u>	<u>2,840</u>	<u>2,521</u>
Expenses: From operations	819	737	263	2	1,821	1,578
Transfers to the government	-	-	381	-	381	385
Debt servicing	421	-	-	-	421	413
Total expenses	<u>1,240</u>	<u>737</u>	<u>644</u>	<u>2</u>	<u>2,623</u>	<u>2,376</u>
Increase in equity in government enterprises	<u>152</u>	<u>60</u>	<u>6</u>	<u>(1)</u>	<u>217</u>	<u>145</u>
FINANCIAL POSITION						
Assets:						
Cash and equivalents	15	65	28	2	110	155
Amounts receivable	252	148	10	-	410	340
Portfolio investments	-	1,668	-	3	1,671	1,537
Capital assets	5,960	34	180	1	6,175	5,659
Other assets	908	106	22	4	1,040	874
Total assets	<u>7,135</u>	<u>2,021</u>	<u>240</u>	<u>10</u>	<u>9,406</u>	<u>8,565</u>
Liabilities:						
Accounts payable, accrued liabilities and deferred revenue						
Long-term debt	471	321	45	-	837	1,034
-Owing to the government	5,000	-	9	2	5,011	4,435
-Owing to others	488	-	174	-	662	444
Provision for future benefits						
-Pension obligations	358	66	-	-	424	432
-Future cost of existing claims	-	1,373	-	-	1,373	1,338
Total liabilities	<u>6,317</u>	<u>1,760</u>	<u>228</u>	<u>2</u>	<u>8,307</u>	<u>7,683</u>
Net assets	<u>818</u>	<u>261</u>	<u>12</u>	<u>8</u>	<u>1,099</u>	<u>882</u>
Adjustments required for consolidation **	-	-	-	(1)	(1)	(1)
Equity in government enterprises	<u>818</u>	<u>261</u>	<u>12</u>	<u>7</u>	<u>1,098</u>	<u>881</u>

* For enterprises whose fiscal year is prior to March 31, the amounts reflected are as at their fiscal year end.

** Adjustments required to reflect the effect of asset valuations and valuation allowances recorded in the Operating Fund.

SCHEDULE 6

CONSOLIDATED LONG-TERM INVESTMENTS

As at March 31, 2000

	(\$ millions)	
	2000	1999
OTHER INVESTMENTS, AT COST		
Common shares -		
Manitoba Potash Corporation - 490,000 shares.....	5	5
Preferred shares -		
Faneuil ISG Inc - 56,000 shares.....	6	6
Special shares -		
Crocus Investment Fund - 2,000,000 shares.....	2	2
Debentures -		
Faneuil ISG Inc.....	10	9
Municipalities.....	2	2
Profit sharing agreement -		
Hudson Bay Mining and Smelting re: Ruttan Mine.....	11	11
Other -		
MCF Capital.....	4	4
	<u>40</u>	<u>39</u>
Less: Valuation allowance.....	<u>38</u>	<u>22</u>
	<u>2</u>	<u>17</u>

SCHEDULE 7

CONSOLIDATED TANGIBLE CAPITAL ASSETS

For the Year Ended March 31, 2000

(\$ millions)

		LAND	BUILDINGS	VEHICLES	AIRCRAFT AND VESSELS	MACHINERY, EQUIPMENT AND FURNITURE	ROAD CONSTRUCTION AND MAINTENANCE EQUIPMENT	COMPUTER HARDWARE AND SOFTWARE	LEASEHOLD IMPROVEMENTS	ASSETS UNDER CONSTRUCTION	TOTAL
Cost of Tangible Capital Assets											
Opening Cost	24	1,266	58	42	284	159	7	163	2,048		
Add: Net additions (disposals) during the Year	1	67	1	1	27	97	3	11	210		
Closing Cost	25	1,333	59	43	311	256	10	174	2,258		
Accumulated Amortization											
Opening Accumulated Amortization	-	418	30	19	196	79	4	-	777		
Add: Net amortization during the Year	-	21	1	2	15	20	-	-	61		
Closing Accumulated Amortization	-	439	31	21	211	99	4	-	838		
Net Tangible Capital Assets	25	894	28	22	100	157	6	174	1,420		

NOTE: Information from Crown organizations concerning the amount of additions and disposals incurred during the year, including annual amortization charges, has been reported on a net basis for 1999/2000, pending the development of a comprehensive capital asset reporting process. Included in the opening balance for assets under construction are \$125 million of development costs capitalized in 1999.

SCHEDULE 8**FUNDS, ORGANIZATIONS AND ENTERPRISES
COMPRISING THE GOVERNMENT REPORTING ENTITY****CONSOLIDATED FUND:****OPERATING FUND AND****SPECIAL FUNDS:**

Abandonment Reserve Fund
Debt Retirement Fund
Elk Management Fund
Farm Machinery and Equipment Act Fund
Fiscal Stabilization Fund
Land Titles Assurance Fund
Manitoba Law Reform Commission
Mining Community Reserve
Quarry Rehabilitation Reserve
Veterinary Science Scholarship Fund
Victims Assistance Fund

CROWN ORGANIZATIONS:

Addictions Foundation of Manitoba
Assiniboine Community College
Board of Administration under the Embalmers and Funeral Directors Act
Brandon University
CancerCare Manitoba
Centre culturel franco-manitobain
Child and Family Services of Central Manitoba
Child and Family Services of Western Manitoba
Communities Economic Development Fund
Cooperative Loans and Loans Guarantee Board
Cooperative Promotion Board
Council on Post-Secondary Education
Crown Corporations Council
Deer Lodge Centre Inc.
Economic Innovation and Technology Council
Horse Racing Commission
Insurance Council of Manitoba
Keewatin Community College
Legal Aid Services Society of Manitoba
Manitoba Adolescent Treatment Centre Inc.
Manitoba Agricultural Credit Corporation
Manitoba Arts Council
Manitoba Boxing Commission

SCHEDULE 8 (cont'd)

	Manitoba Centennial Centre Corporation
	Manitoba Community Services Council Inc.
	Manitoba Crop Insurance Corporation
	Manitoba Development Corporation
	Manitoba Film and Sound Recording Development Corporation
	Manitoba Foundation
	Manitoba Gaming Control Commission
	Manitoba Habitat Heritage Corporation
	Manitoba Health Research Council
	Manitoba Health Services Insurance Plan
	Manitoba Hospital Capital Financing Authority
	Manitoba Housing and Renewal Corporation
	Manitoba Trade and Investment Corporation
	Manitoba Water Services Board
	Public Schools Finance Board
	Red River College
(N)	Regional Health Authorities (Devolved Facilities)
	Brandon Regional Health Authority Inc.
	Burntwood Regional Health Authority Inc.
	Churchill RHA Inc.
	Interlake Regional Health Authority
	Marquette Regional Health Authority Inc.
	NOR-MAN Regional Health Authority Inc.
	North Eastman Health Association Inc.
	Parkland Regional Health Authority Inc.
	Regional Health Authority - Central Manitoba Inc.
	South Eastman Health/Sant� Sud-Est Inc.
	South Westman Regional Health Authority Inc.
	Winnipeg Regional Health Authority
	Rehabilitation Centre for Children Inc.
	Special Operating Agencies Financing Authority
	Civil Legal Services
	Companies Office
	Fleet Vehicles Agency
	Food Development Centre
	Industrial Technology Centre
	Land Management Services
	Mail Management Services
	Manitoba Education, Research and Learning
	Information Networks (Merlin)
(N)	Manitoba Securities Commission
	Manitoba Text Book Bureau

**SCHEDULE 8
(cont'd)**

Materials Distribution Agency
Office of the Fire Commissioner
Organization and Staff Development
Pineland Forest Nursery
The Property Registry
The Public Trustee
Vital Statistics Agency
University of Manitoba
Venture Manitoba Tours Ltd.
Winnipeg Child and Family Services

GOVERNMENT ENTERPRISES: (Schedule 5) (Note 5)**Utility:**

Manitoba Hydro-Electric Board

Insurance:

Manitoba Public Insurance Corporation
Workers Compensation Board

Finance:

Manitoba Liquor Control Commission
Manitoba Lotteries Corporation
Manitoba Product Stewardship Corporation

Resource Development:

Leaf Rapids Town Properties Ltd.
Manitoba Hazardous Waste Management Corporation

(N) Regional Health Authorities were added to the government reporting entity for the year ended March 31,2000 (Note 1C), and effective April 1,1999, the Manitoba Securities Commission was designated as a SOA.

SCHEDULE 9

RECONCILIATION OF OPERATING FUND BUDGETARY SURPLUS TO CONSOLIDATED NET INCOME

As at March 31, 2000

	(\$ millions)			
	1999-00 Operations per Entity Financial Statements	Adjustments on Consolidation	1999-00 Consolidated Net Income	1998-99 Consolidated Net Income
OPERATING FUND AND SPECIAL FUNDS				
Operating Fund and Special Funds	(88)	-	(88)	17
Adjustment for Health Information Services of Manitoba (HISM) Corporation*	24	-	24	(24)
TOTAL OPERATING FUND AND SPECIAL FUNDS	(64)	-	(64)	(7)
CROWN ORGANIZATIONS				
Additions Foundation of Manitoba	-	-	-	1
Assiniboine Community College	1	(3)	(2)	2
Brandon University	1	(1)	-	(1)
CancerCare Manitoba	1	5	6	(2)
Deer Lodge Centre Inc.	2	-	2	(5)
Keewatin Community College	(1)	1	-	(3)
Manitoba Agricultural Credit Corporation	(5)	5	-	1
Manitoba Crop Insurance Corporation	55	-	55	67
Manitoba Housing and Renewal Corporation	(1)	-	(1)	23
Manitoba Trade and Investment Corporation	-	(1)	(1)	(3)
Manitoba Water Services Board	(1)	-	(1)	(2)
Public Schools Finance Board	-	(3)	(3)	2
Red River College	-	-	-	(4)
Regional Health Authorities	(5)	19	14	-
Special Operating Agencies Financing Authority	12	(9)	3	(1)
University of Manitoba	65	(21)	44	(3)
TOTAL CROWN ORGANIZATIONS	124	(8)	116	72
GOVERNMENT ENTERPRISES				
Leaf Rapids Town Properties Ltd.	(1)	-	(1)	-
Manitoba Hydro - Electric Board	152	-	152	100
Manitoba Lotteries Corporation	-	5	5	-
Manitoba Product Stewardship Corporation	1	-	1	-
Manitoba Public Insurance Corporation	51	-	51	30
Workers Compensation Board	9	-	9	15
TOTAL GOVERNMENT ENTERPRISES	212	5	217	145
PENSION LIABILITY INCREASE	-	(137)	(137)	(192)
TOTAL CONSOLIDATED NET INCOME	272	(140)	132	18

* This provision for \$24 million is related to the write-off of assets under development which is included as part of the expenditures of the Operating Fund for 1999-2000. However, the Summary Financial Statements for 1998-1999 had already reflected this adjustment, which had been determined during the interval between the release of the Summary Financial Statements and the Operating Fund and Special Funds Financial Statements.

SCHEDULE 10

RECONCILIATION OF OPERATING FUND ACCUMULATED DEFICIT TO CONSOLIDATED ACCUMULATED DEFICIT**

As at March 31, 2000

	(\$ millions)			
	Accumulated Surplus (Deficit) March 31, 1999	1999-00 Consolidated Net Income	Adjustments to Accumulated Surplus (Deficit)	Accumulated Surplus (Deficit) March 31, 2000
OPERATING FUND AND SPECIAL FUNDS	<u>(6,519)</u>	<u>(64)</u>	<u>159</u>	<u>(6,424)</u>
CROWN ORGANIZATIONS				
Addictions Foundation of Manitoba	1	-	3	4
Assiniboine Community College	3	(2)	6	7
Brandon University	(2)	-	38	36
CancerCare Manitoba	24	6	6	36
Child and Family Services of Western Manitoba	1	-	-	1
Communities Economic Development Fund	(1)	-	1	-
Deer Lodge Centre Inc.	(5)	2	7	4
Economic Innovation and Technology Council	1	-	-	1
Keewatin Community College	(1)	-	3	2
Manitoba Adolescent Treatment Centre	-	-	1	1
Manitoba Agricultural Credit Corporation	(2)	-	5	3
Manitoba Crop Insurance Corporation	195	55	1	251
Manitoba Development Corporation	3	-	-	3
Manitoba Habitat Heritage Corporation	-	-	1	1
Manitoba Health Services Insurance Plan	-	-	(1)	(1)
Manitoba Housing and Renewal Corporation	(339)	(1)	340	-
Manitoba Trade and Investment Corporation	1	(1)	-	-
Manitoba Water Services Board	(3)	(1)	5	1
Public Schools Finance Board	1	(3)	-	(2)
Red River College	(6)	-	9	3
Regional Health Authorities	-	14	165	179
Special Operating Agencies Financing Authority	(3)	3	43	43
University of Manitoba	30	44	191	265
Venture Manitoba Tours	-	-	3	3
Winnipeg Child and Family Services	(3)	-	2	(1)
	<u>(105)</u>	<u>116</u>	<u>829</u>	<u>840</u>
GOVERNMENT ENTERPRISES				
Leaf Rapids Town Properties Ltd.	3	(1)	-	2
Manitoba Hazardous Waste Management Corporation	6	-	-	6
Manitoba Hydro - Electric Board	666	152	-	818
Manitoba Lotteries Corporation	-	5	-	5
Manitoba Product Stewardship Corporation	6	1	-	7
Manitoba Public Insurance Corporation	132	51	-	183
Workers Compensation Board	68	9	-	77
	<u>881</u>	<u>217</u>	<u>-</u>	<u>1,098</u>
NON-DEVOLVED HEALTH CARE FACILITIES	<u>-</u>	<u>-</u>	<u>93</u>	<u>93</u>
PENSION LIABILITY*	<u>(2,760)</u>	<u>(137)</u>	<u>-</u>	<u>(2,897)</u>
TOTAL CONSOLIDATED BALANCES	<u>(8,503)</u>	<u>132</u>	<u>1,081</u>	<u>(7,290)</u>

* This does not reflect pension liabilities of \$9 million already recorded in crown organizations.

** Differences may result from rounding.

SCHEDULE 11

CONSOLIDATED NET DEBT

For the Year Ended March 31, 2000

	(\$ millions)	
	2000	1999
Accumulated deficit, end of year.....	7,290	8,503
Tangible capital assets.....	1,420	125
Assets of non-devolved health care facilities.....	<u>1,007</u>	<u>-</u>
	9,717	8,628
Less:		
Liabilities of non-devolved health care facilities.....	<u>914</u>	<u>-</u>
CONSOLIDATED NET DEBT	<u><u>8,803</u></u>	<u><u>8,628</u></u>

QUESTION

PAGE

[illegible]

Statement of Responsibility	2 - 3
Auditor's Report	2 - 5
Combined Statement of Financial Position	2 - 7
Combined Statement of Revenue and Expenditure	2 - 8
Combined Statement of Accumulated Deficits (Surpluses)	2 - 9
Combined Statement of Changes in Financial Position	2 - 10
Notes to the Operating Fund Financial Statements	2 - 11
Schedules to the Financial Statements	
Schedule 1 - Schedule of Borrowings	2 - 19
Schedule 2 - Accounts Payable, Accrued Charges, Provisions and Deferrals	2 - 20
Schedule 3 - Amounts Held in Trust for Investment or Administration	2 - 21
Schedule 4 - Amounts Receivable	2 - 22
Schedule 5 - Loans and Advances	2 - 23
Schedule 6 - Long-Term Investments	2 - 23
Schedule 7 - Changes in Other Special Funds	2 - 24
Schedule 8 - Operating Revenue and Expenditure	2 - 25
Schedule 9 - Expenditure by Type	2 - 26
Schedule 10 - Tangible Capital Assets	2 - 27
Schedule 11 - Net Debt	2 - 28

STATEMENT OF RESPONSIBILITY

The Operating Fund and Special Funds financial statements are prepared under the direction of the Minister of Finance in accordance with the stated accounting policies of the government and include a combined statement of financial position, a combined statement of revenue and expenditure, a combined statement of accumulated deficit, a combined statement of changes in financial position, schedules and notes integral to the statements. Together, they present fairly, in all material respects, the financial condition of the Operating Fund and Special Funds at the fiscal year end and results of their operations for the year then ended.

The government is responsible for the integrity and objectivity of the Operating Fund and Special Funds financial statements. In the preparation of these statements, estimates are sometimes necessary because a precise determination of certain assets and liabilities is dependent on future events. The government believes such estimates have been based on careful judgements and have been properly reflected in the financial statements.

The government maintains a system of internal accounting and administrative controls in order to provide reasonable assurance that transactions are appropriately authorized, assets are safeguarded and financial records are properly maintained.

These financial statements are tabled in the Legislature. They are referred to the Standing Committee on Public Accounts, which reports to the Legislature on the results of its examination together with any recommendations it may have with respect to the financial statements and accompanying audit opinion.

More detailed information regarding the Operating Fund and Special Funds combined financial position and operating results can be found in Volumes 2 and 3 of the Public Accounts. In addition, explanatory comments with respect to changes in revenue and expenditure are provided in each government department's annual report.

On behalf of the Government

A handwritten signature in black ink, appearing to read 'Selinger', is written over a horizontal line.

HONOURABLE GREG SELINGER
Minister of Finance
September 21, 2000



Office of the Provincial Auditor

500 - 330 Portage Avenue
Winnipeg, Manitoba
CANADA R3C 0C4

AUDITOR'S REPORT

**On the Operating Fund and Special Funds Financial Statements
Province of Manitoba**

To the Legislative Assembly of Manitoba

Those wishing to understand and assess the Government's management of public financial affairs and resources as a whole, should refer to the Province's Summary Financial Statements for the Government Reporting Entity.


The Operating Fund and Special Funds financial statements of the Province of Manitoba reflect only the transactions and balances of these Funds. Other significant financial activities of the Government, which occur outside the Operating Fund and these Special Funds, are not included in these financial statements, and as described in Note 1A to the financial statements, the accounting principles used vary from generally accepted accounting principles. The accounting principles used are consistent with the accounting principles used for the annual budget for the Operating Fund. Accordingly, these financial statements should be used primarily for assessing the Government's compliance with the Balanced Budget, Debt Repayment and Taxpayer Protection Act.

In accordance with Section 14 of The Provincial Auditor's Act, I have audited the special purpose Statement of Financial Position of the Operating Fund and Special Funds of the Province of Manitoba as at March 31, 2000 and the special purpose Statements of Revenue and Expenditure, Accumulated Deficits (Surpluses) and Changes in Financial Position for the year then ended. These financial statements are the responsibility of the Government of the Province of Manitoba. My responsibility is to express an opinion on these financial statements based on my audit. My opinion is expressed in the same context as the nature and purpose of these financial statements.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion these financial statements present the financial assets and liabilities of the Operating Fund and Special Funds as at March 31, 2000 and the results of operations and the changes in financial position for the year then ended in accordance with the accounting policies stated in Note 1 to the financial statements and applied, except as described in Note 3 to these financial statements, on a basis consistent with that of the preceding year.

Winnipeg, Manitoba
September 21, 2000



Jon Singleton, CA
Provincial Auditor

Manitoba

OPERATING FUND AND SPECIAL FUNDS COMBINED STATEMENT OF FINANCIAL POSITION

As at March 31, 2000

SCHEDULE		(\$ millions)	
		2000	1999
	LIABILITIES		
1	Borrowings.....	19,521	18,518
	Less: Sinking Funds.....	(6,411)	(5,822)
	Less: Debt Incurred For and Repayable By The Manitoba Hydro-Electric Board and Manitoba Telecom Services Inc.....	(5,592)	(5,227)
		<u>7,518</u>	<u>7,469</u>
	Less: Unamortized Foreign Currency Fluctuation.....	(215)	(389)
	Net Borrowings	<u>7,303</u>	<u>7,080</u>
2	Accounts Payable, Accrued Charges, Provisions and Deferrals.....	<u>1,116</u>	<u>1,072</u>
		<u>8,419</u>	<u>8,152</u>
3	Amounts Held in Trust for Investment or Administration (Note 1F)	<u>1,965</u>	<u>1,739</u>
		<u>10,384</u>	<u>9,891</u>
	FINANCIAL ASSETS		
	Cash and Equivalents.....	291	223
4	Amounts Receivable.....	596	576
5	Loans and Advances.....	754	853
6	Long-Term Investments.....	5	5
		<u>1,646</u>	<u>1,657</u>
3	TRUST ASSETS (Note 1F)	<u>1,965</u>	<u>1,739</u>
10	TANGIBLE CAPITAL ASSETS (Note 2)	<u>349</u>	<u>-</u>
	ACCUMULATED DEFICITS (SURPLUSES)		
	Operating Fund.....	6,714	7,178
	Fiscal Stabilization Fund.....	(264)	(427)
	Debt Retirement Fund.....	-	(230)
7	Other Special Funds.....	(26)	(26)
		<u>6,424</u>	<u>6,495</u>
		<u>10,384</u>	<u>9,891</u>

Information concerning the Government's Guarantees, Financial Commitments, Contingencies and Pension Liability can be found in Notes 4, 5, 6 and 7.

OPERATING FUND AND SPECIAL FUNDS COMBINED STATEMENT OF REVENUE AND EXPENDITURE

For the Year Ended March 31, 2000

(\$ millions)

(\$ millions)

Operating Fund	Special Funds	Total 1999		Operating Fund Budget	Operating Fund Actual	Fiscal Stabilization Fund	Debt Retirement Fund	Other Special Funds	Total 2000
OPERATING REVENUE (Schedule 8)									
1,916	5	1,921	Manitoba Collections.....	1,944	1,957	-	-	5	1,962
2,022	-	2,022	Income Taxes.....	1,851	1,918	-	-	-	1,918
1,559	-	1,559	Federal Transfers.....	1,723	2,074	-	-	-	2,074
385	-	385	Crown Corporations.....	379	389	-	-	-	389
-	21	21	Interest Earned.....	-	-	11	-	-	11
<u>5,882</u>	<u>26</u>	<u>5,908</u>		<u>5,897</u>	<u>6,338</u>	<u>11</u>	<u>-</u>	<u>5</u>	<u>6,354</u>
OPERATING EXPENDITURE (Schedules 8 & 9)									
<u>5,887</u>	<u>4</u>	<u>5,891</u>		<u>5,986</u>	<u>6,437</u>	<u>-</u>	<u>-</u>	<u>5</u>	<u>6,442</u>
<u>(5)</u>	<u>22</u>	<u>17</u>	NET REVENUE (EXPENDITURE)	<u>(89)</u>	<u>(99)</u>	<u>11</u>	<u>-</u>	<u>-</u>	<u>(88)</u>
INTERFUND TRANSFERS									
(150)	150	-	Transfer to Debt Retirement Fund..	(75)	(75)	-	75	-	-
186	(186)	-	Transfer from Fiscal Stabilization Fund.....	185	185	(185)	-	-	-
<u>36</u>	<u>(36)</u>	<u>-</u>		<u>110</u>	<u>110</u>	<u>(185)</u>	<u>75</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUE OVER EXPENDITURE FOR BALANCED BUDGET LEGISLATION									
31	(14)	17		21	11	(174)	75	-	(88)
INTERFUND TRANSFER									
(31)	31	-	Less: Transfer to Fiscal Stabilization Fund.....	(21)	(11)	11	-	-	-
<u>-</u>	<u>17</u>	<u>17</u>	NET RESULT FOR THE YEAR	<u>-</u>	<u>-</u>	<u>(163)</u>	<u>75</u>	<u>-</u>	<u>(88)</u>

OPERATING FUND AND SPECIAL FUNDS COMBINED STATEMENT OF ACCUMULATED DEFICITS (SURPLUSES)

For the Year Ended March 31, 2000

(\$ millions)

	Operating Fund	Fiscal Stabilization Fund	Debt Retirement Fund	Other Special Funds	Total 2000	Total 1999
Balance, Beginning of Year.....	7,178	(427)	(230)	(26)	6,495	6,415
Changes in Accounting Policy						
Tangible Capital Assets (Note 3).....	(153)	-	-	-	(153)	-
Accrual of Severance Pay Liability.....	-	-	-	-	-	105
Transfer for Debt Retirement Payment (Note 9).....	(305)	-	305	-	-	-
Repurchase of Serial Debentures (Note 1G).....	(6)	-	-	-	(6)	(8)
Net Result for the Year.....	<u>-</u>	<u>163</u>	<u>(75)</u>	<u>-</u>	<u>88</u>	<u>(17)</u>
Balance, End of Year.....	<u>6,714</u>	<u>(264)</u>	<u>-</u>	<u>(26)</u>	<u>6,424</u>	<u>6,495</u>

OPERATING FUND AND SPECIAL FUNDS COMBINED STATEMENT OF CHANGES IN FINANCIAL POSITION

For the Year Ended March 31, 2000

	(\$ millions)	
	2000	1999
Cash and Equivalents Provided by (Used in)		
Operating Activities:		
Net Result for the year - Operating Fund.....	-	-
- Special Funds.....	(88)	17
Gain on Disposal of Tangible Capital Assets.....	(3)	-
Changes in non-cash items:		
Amounts Receivable.....	(20)	(32)
Valuation Allowance.....	48	19
Accounts Payable, Accrued Charges, Provisions and Deferrals.....	44	(7)
Amortization of Foreign Currency Fluctuation.....	45	63
Amortization of Debt Discount.....	11	10
Amortization of Investment Discounts and Premiums.....	(5)	(10)
Amortization of Tangible Capital Assets.....	25	-
	<u>57</u>	<u>60</u>
Investing Activities:		
Made.....	(1,169)	(880)
Realized.....	709	594
Acquisition of Tangible Capital Assets.....	(228)	-
Disposal of Tangible Capital Assets.....	3	-
	<u>(685)</u>	<u>(286)</u>
Financing Activities:		
Debt Issued.....	2,783	2,258
Debt Redeemed.....	(1,486)	(1,624)
Changes in Sinking Funds.....	(601)	(628)
	<u>696</u>	<u>6</u>
Changes in Cash and Equivalents.....	68	(220)
Cash and Equivalents, beginning of year.....	<u>223</u>	<u>443</u>
Cash and Equivalents, end of year.....	<u><u>291</u></u>	<u><u>223</u></u>

**NOTES TO THE OPERATING FUND FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2000**

1. SIGNIFICANT ACCOUNTING POLICIES

A. General Basis of Accounting

The combined financial statement of the Operating Fund and Special Funds have been prepared in accordance with generally accepted public sector accounting principles established by the Canadian Institute of Chartered Accountants (CICA), with certain exceptions:

- 1) Liabilities for unfunded pension benefits have not been recorded.
- 2) The financial statements do not reflect the financial results for all of the government enterprises and Crown organizations comprising the government reporting entity. The financial operations of the latter are reflected only to the extent that their operations were financed from or contributed to the Operating Fund.
- 3) Material adjustments resulting from changes in accounting policy or from the correction of an error which are attributable to and identifiable with prior periods are recorded prospectively. It is the government's practice to reflect the effects of such adjustments in the accumulated deficit. Prior year balances are therefore not restated.
- 4) The process of establishing the completeness and reasonableness of the estimated historical cost of the tangible capital assets is ongoing. During the year, the government completed the development of a historical cost database for all tangible capital assets except for land. Development of the land database is still underway and is expected to be completed for the March 31, 2001 fiscal year. Reporting policies are currently being developed and information is being gathered for other expenditures which include infrastructure such as highways and land acquired for public use as well as certain works of art and historical treasures.

These accounting policies have been developed and are applied in accordance with the provisions of the Financial Administration Act, which is Chapter F55 of the Continuing Consolidation of the Statutes of Manitoba.

3. The Reporting Entity

The Consolidation Fund consists of the Operating Fund, the Trust Fund and Special Funds. A single set of financial statements is presented on a combined basis that reflects the transactions and balances of these funds.

The nature and purpose of the Special Funds reflected in these financial statements is as follows:

Debt Retirement Fund - This Fund was established on November 3, 1995 under the authority of The Balanced Budget, Debt Repayment and Taxpayer Protection Act. The purpose of the Fund is to assist in the orderly repayment of debt pursuant with section 8(4) of the Act. After March 31, 1997, until the Fund is wound up, the Minister of Finance is required to deposit annually in the Fund a minimum of \$75 million or such greater amount as determined by the Act.

Fiscal Stabilization Fund - This Fund was established at March 31, 1989 under the authority of The Fiscal Stabilization Fund Act. The purpose of the Fund is to assist in stabilizing the fiscal position of the government from year to year and to improve long-term fiscal planning. Under the provisions of the Act, the government may deposit in the Fund any part of the revenue or other financial assets received in the Operating Fund in any fiscal year and shall credit to the Fiscal Stabilization Fund any earnings from investment of the assets of the Fund. All or part of the Fund balance may be transferred to the Operating Fund in accordance with the provisions of the Act.

Section 9(a) of the Balanced Budget, Debt Repayment and Taxpayer Protection Act requires that, if a surplus exists in a fiscal year in the Operating Fund, the Minister of Finance shall transfer an amount sufficient to bring the Fiscal Stabilization Fund to its target level as set out by The Fiscal Stabilization Fund Act or any greater amount that the Minister considers appropriate. The target level for the Fiscal Stabilization Fund is a minimum of 5% of the expenditure of the Operating Fund.

Mining Community Reserve - This Fund was established to assist with the welfare and employment of people who are directly affected by mine closures in Manitoba. The Lieutenant Governor in Council may transfer to this Fund each year up to 3% of the taxes collected under the Mining Tax Act.

Quarry Rehabilitation Reserve Fund - This Fund was established to assist in the rehabilitation of quarries deemed to be depleted. A levy of 10 cents per metric ton of all aggregate quarry mineral production in Manitoba is paid into the Fund each year.

Other Funds - Other funds included reflect the transactions of the Abandonment Reserve Fund, the Agriculture Farm Machinery and Equipment Act Fund, the Elk Management Fund, the Land Titles Assurance Fund, Manitoba Law Reform Commission, Veterinary Science Scholarship Fund and Victims Assistance Fund.

C. Gross Accounting Concept

Revenues and expenditures are recorded in gross amounts with the following exceptions.

- 1) The municipal share of individual and corporation income taxes, which is collected through the Government of Canada and remitted by the Province of Manitoba to municipalities in accordance with The Provincial-Municipal Tax Sharing Act, is not recorded as revenue or expenditure.
- 2) Refunds of revenue are treated as reductions of current year revenue.
- 3) Decreases in valuation allowances previously provided are treated as reductions to expenditure.
- 4) Recoveries of the debt servicing costs on self-supporting debt and income earned on investments and advances are recorded as a reduction of debt servicing expenditure.

D. Modified Accrual Accounting

The revenues and expenditures of the government are recorded on an accrual basis with the following exceptions.

- 1) **Government of Canada Receipts** - Entitlements from the Government of Canada are recorded on a cash basis except for accruals of prior year adjustments determined before June 30 each year.
- 2) **Pension Benefits** - The annual cost recorded is based on the government's share of pensions paid to retired employees, teachers and Members of the Legislative Assembly, as well as current contributions to Registered Retirement Savings Plan accounts and tax paid trusts on behalf of MLA's and employees who are pensionable outside of the Civil Service Superannuation Fund. The government does not record its liability for the unfunded cost of pension benefits earned by employees, teachers and Members of the Legislative Assembly.
- 3) **Inventories** - The acquisition of inventories not held for resale are reflected as expenditures when incurred.

Expenditures include provisional amounts recorded in anticipation of future costs, which are quantifiable and have been identified as obligations such as housing renovations.

E. Liabilities and Assets

- 1) All borrowings are expressed in Canadian dollars and are shown net of sinking funds, unamortized debt issue costs and debt of the Province of Manitoba held as provincial investments. Foreign borrowings are converted at the exchange rate in effect at March 31 adjusted for any foreign currency contract entered for settlement after the fiscal year end. Discounts or premiums, and commissions incurred at the time of the issue of debt are amortized annually to debt servicing expense over the term of the debt.
- 2) The year end translation adjustments reflecting the foreign currency fluctuation from the value at the issue date are recorded through the unamortized foreign currency fluctuation account, and amortized annually to debt servicing expense over the remaining term of the debt. The unamortized portion of foreign currency fluctuation reflects the gains or losses on the conversion of foreign currency debt called prior to maturity using the rates in effect at the time of the call.

- 3) Loans, advances and long-term investments are recorded at cost less valuation allowances. A valuation allowance is provided to reduce the value of the assets to their estimated realizable value or to reflect the impact of significant concessionary terms on outstanding loans. Premiums that may arise from the early repayment of loans or advances are reflected as deferred revenue and are amortized annually to debt servicing expense over the term of the related debt issue.
- 4) Investments denominated in foreign currency are translated to the Canadian dollar equivalent at the exchange rate in effect at March 31, unless the rate of exchange or a forward exchange contract fixing the value has been negotiated, in which case that rate or amount is used. The year end investment translation adjustments reflecting the foreign exchange fluctuation between year ends are amortized annually to debt servicing expense over the remaining life of the investment. Expenses and other transaction charges incurred on the purchase of investments during the year are charged to debt servicing expense. Those expenses incurred in foreign currency are translated at the exchange rate in effect on the transaction date.
- 5) Tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Buildings – brick, mortar and steel	40 years
Buildings – wood frame	25 years
Vehicles	5 years
Aircraft and vessels	
- Aircraft frames	24 years
- Aircraft motors	5 years
- Vessels	24 years
Machinery, equipment and furniture	10 years
Road construction and maintenance equipment	15 years
Computer hardware and software	4 to 15 years

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal where the portion of useful life remaining exceeds six months.

- 6) If a tangible capital asset is received as a donation, it will be recorded at its fair market value with the same amount being shown as a deferred contribution which is to be amortized to revenue on the same basis as the asset is amortized. Where the acquisition cost of a tangible capital asset is shared with other jurisdictions under a shared cost agreement, such contributions are deducted from the cost of the related asset with any amortization calculated on the net amount.

F. Amounts Held in Trust for Investment or Administration

These amounts primarily represent sinking funds and surplus cash of government enterprises and Crown organizations on deposit with the Minister of Finance for investment. Deposits of surplus cash funds not required to be specifically invested are pooled with other available funds of the Operating Fund for investment purposes and are accorded a market rate of interest. Sinking fund contributions made by government enterprises, Crown organizations and others in respect of their direct debt are deposited with and specifically invested by the Minister of Finance. These investments are recorded at cost.

G. Serial Debentures of School Divisions and Districts

The accumulated deficit of the operating fund includes amounts related to serial debentures of school divisions and districts, acquired by the government in prior years. The government is primarily responsible for funding the redemption of these debentures, accordingly these amounts are not reflected as assets. As the funding for annual redemptions flow from the appropriations of the government, to the school divisions and districts, and then back to the Province, the accumulated deficit of the operating fund is reduced by the amount of such redemptions.

2. TANGIBLE CAPITAL ASSETS

	Cost	(\$ millions) Accumulated Amortization	Net Book Value
Land – see note 1. A. 4			
Buildings – brick, mortar and steel	235	134	101
Buildings – wood frame	28	24	4
Vehicles	2	2	-
Aircraft and vessels	43	21	22
Machinery, equipment and furniture	14	7	7
Road construction and maintenance equipment	47	33	14
Computer hardware and software	154	22	132
Assets under construction	69	-	69
	<u>592</u>	<u>243</u>	<u>349</u>

3. CHANGE IN ACCOUNTING POLICY

Effective April 1, 1999, the government made an accounting policy change to introduce the capitalization of tangible capital assets. As a result, as at April 1, 1999, there was an increase in net tangible capital assets of \$153 million with a corresponding decrease in the Operating Fund accumulated deficit of the same amount.

4. GUARANTEES

The government has guaranteed the repayment of debt issued by government enterprises and Crown organizations, promissory notes, bank loans, lines of credit, mortgages and other securities. The outstanding guarantees are as follows:

	(\$ millions)	
	2000	1999
Promissory notes, bank loans, lines of credit and other	78	69
Debt issued by government enterprises and Crown organizations	412	768
Manitoba Grow Bonds and other	<u>9</u>	<u>8</u>
	499	845
Less: Sinking funds	<u>180</u>	<u>175</u>
Total guarantees outstanding	<u>319</u>	<u>670</u>

5. FINANCIAL COMMITMENTS

The government has approved long-term financial arrangements of various entities wherein indebtedness has been issued that is not guaranteed by the government, but funding assistance is provided annually from appropriations of the Operating Fund. The government has also made future commitments against appropriations under long-term contracts that cover the rental of tangible capital assets. These financial commitments as at March 31 are as follows:

	(\$ millions)	
	2000	1999
Financial arrangements for completed projects:		
Hospitals and personal care homes	501	450
Public schools	367	350
Manitoba Housing and Renewal Corporation	201	205
Brandon University	<u>2</u>	<u>2</u>
	<u>1,071</u>	<u>1,007</u>
Future commitments:		
Infrastructure and capital grants	86	209
Rental of tangible capital assets	<u>76</u>	<u>89</u>
	<u>162</u>	<u>298</u>
	<u>1,233</u>	<u>1,305</u>

In addition to the approved outstanding debt for hospitals and personal care homes, lines of credit up to \$181 million (1999 - \$106 million) have been approved to finance capital projects for hospitals and personal care homes currently in process. On completion of these projects, the borrowings will be converted to other financing arrangements.

6. CONTINGENCIES

No provision has been made at March 31, 2000 in the accounts for the following significant contingencies as the final results are uncertain.

A. Canadian National Railways (CNR)

The CNR has requested a declaration that The Retail Sales Tax Act does not apply to a major part of its costs related to railway rolling stock. CNR is requesting a refund of sales tax it has paid in that respect.

B. Flood Costs

A provision has been made at March 31, 2000 for claims related to the floods that occurred in 1997 and 1999. The final amount of the government's share of these costs in the future is uncertain at the date these financial statements were issued.

7. PENSION LIABILITY

The government of the Province of Manitoba supports three separate pension plans. These include the Civil Service Plan (CSP), the Teachers' Plan (TP), the Members of the Legislative Assembly Plan (MLAP).

Actuarial valuations for funding purposes are performed on the CSP and the TP triennially. The most recent dates for these valuations were December 31, 1998, and January 1, 1998, respectively. An actuarial valuation of the MLAP was performed as at March 31, 1997.

The actuarial valuations were based on a number of assumptions about future events, such as interest rates, wage and salary increases, inflation rates and rates of employee turnover, disability and mortality.

Long-term inflation anticipated by the actuary is provided for information purposes. Inflation can affect the level of salaries and the level of interest rates as well as escalate the indexation rate used. In calculating future contributions, actuarial projections in respect of the rate of increases for inflation used an annual rate of increase equal to 3.0% (CSP), 3.75% (MLAP) and 2.0% (TP) for three years and 3.25% thereafter with a rate of return on investments of 7.5% (CSP), 7.5% (MLAP) and 7.0% (TP). Projected salary increases range from 2.25% to 4.5%.

During the year, no amendments were made to any of the plans.

A. Civil Service Plan

The Civil Service Superannuation Act (CSSA) established a defined benefit plan to provide benefits to employees of the Manitoba Civil Service and to participating agencies of the government through the Civil Service Superannuation Fund (CSSF).

As at March 31, 2000, the CSP had approximately 24,900 participants including active members, retired employees and former employees with entitlements.

Certain amendments to the CSSA were made in 1992 which required that the CSSF establish and fund a separate account in an amount sufficient to cover the government's share of pension costs attributable to the 1992 amendments to the CSSA. The CSSF account maintained on behalf of the government at March 31, 2000, was \$24 million (1999 - \$21 million).

The lifetime pension calculation equals 2% of a member's best five years average yearly pensionable earnings multiplied by pensionable service, minus 0.6% of the average Canada Pension Plan (CPP) earnings for the same period multiplied by pensionable service since January 1, 1966.

The CSSA requires that employees contribute 5.1% on pensionable earnings up to the CPP maximum earnings, and 7.0% of pensionable earnings above the maximum. 89.8% of contributions are used to fund basic benefits and 10.2% of contributions are allocated for indexing benefits. Contributions continue until the employee's retirement or other termination from service. Employee contributions for the year ended March 31, 2000 amounted to \$29 million.

Indexing benefits are not guaranteed and are paid only to the extent that the indexing adjustment account in CSSF can finance one-half of cost-of-living increases granted. The maximum annual adjustment is limited by legislation to two-thirds of the increase in the consumer price index for Canada.

The government does not make contributions to the CSSF during employees' service. By legislation, however, it is required to pay 50% of the pension disbursements made from the CSSF. For the year ended March 31, 2000, payments of \$48 million were made to the CSSF.

An actuarial valuation report of the government's liability to the employees included in the CSSF was completed as of December 31, 1998. The report provides a formula to update the liability on an annual basis. In accordance with the formula, the government's actuarial liability has been calculated on an indexed basis to be \$1,116 million as at March 31, 2000 (1999 - \$1,052 million). The CSSA indicates that the calculation shall provide for annual indexing on the condition that the adjustment does not result in an unfunded pension liability in the CSSF.

B. Teachers' Plan

The Teachers' Pension Act (TPA) established a defined benefit plan to provide pension benefits to teachers who have taught in public schools in Manitoba.

As at March 31, 2000, the Teachers' Retirement Allowances Fund (TRAF) had approximately 28,200 participants including active members, retired teachers and former teachers with entitlements.

The lifetime pension calculation is based upon the lesser of A or B:

- A) The years of service prior to July 1, 1980, multiplied by 2% and the average salary of the best 7 of the final 12 years of service and years of service after July 1, 1980, multiplied by 2% and the average salary of the best 5 of the final 12 years of service;

less

The years of service from January 1, 1966, to July 1, 1980, multiplied by .6% and the average annual salary up to the yearly maximum pensionable earnings for the same period and years of service after July 1, 1980, multiplied by .6% and the annual salary up to the yearly maximum pensionable earnings for the same period.

- B) 70% of the weighted average annual salary of the member in the 7 and 5 year periods used above.

The TPA requires that teachers contribute 5.7% on pensionable earnings up to the CPP maximum earnings, and 7.3% on pensionable earnings above the maximum. 83.6% of contributions are used to fund basic benefits and 16.4% of contributions are allocated for indexing benefits. Contributions continue until the teacher's retirement or other termination from service. Teacher contributions for the year ended March 31, 2000, amounted to \$45 million.

Indexing benefits are not guaranteed and are paid only to the extent that one half of the pension adjustment does not result in an unfunded pension liability in TRAF.

The government does not make contributions to TRAF during teachers' service. By legislation, however, it is required to pay 50% of pension disbursements and other disbursements made by TRAF as provided for in the TPA. For the year ended March 31, 2000, payments of \$69 million were made to TRAF.

An actuarial report was completed for TRAF as of January 1, 1998, which determined the government's pension liability on an indexed basis. The report provides a formula to update the liability on an annual basis. In accordance with the formula, the government's actuarial liability has been calculated on an indexed basis to be \$1,607 million at March 31, 2000 (1999 - \$1,526 million).

C. Members of the Legislative Assembly Plan

The pension plan for Members of the Legislative Assembly (MLA's) is established and governed by the Legislative Assembly Act (LAA). For MLA's elected prior to the dissolution of the Assembly of the 35th Legislature, the LAA provides for defined pension benefits based on years of service. For those elected after the 35th Legislature in April 1995, the LAA provides for matching contributions. As at March 31, 2000, there are 139 plan members (1999 - 128 members) who are entitled to receive future pension benefits in accordance with the LAA.

The calculation for defined pension benefits is equal to 3% of the average annual indemnities for the last five years served as a member or all the years served if less than five multiplied by the number of years of pensionable service up to April 1995. These entitlements are fully indexed to cost of living increases. An actuarial valuation was completed in September 1997 and provides a formula to update the liability on an annual basis. The government's liability is calculated to be \$31 million at March 31, 2000 (1999 - \$30 million).

Under the matching contributions provisions, MLA's may contribute up to 7% of their remuneration toward a Registered Retirement Savings Plan (RRSP) of their choice. The government matches the member's contributions on a current basis, consequently, there is no liability for past service benefits under this component of the plan. In the event that a member withdraws money from the RRSP while an active member of the Legislative Assembly, the government's contribution would be refundable.

8. EXPENDITURES IN EXCESS OF LEGISLATIVE AUTHORITY

The following voted appropriations were over expended as a result of expenditures in excess of amounts recovered from other appropriations and as a result of adjustments after March 31, 2000, to reflect valuation allowances and other accrued liabilities.

	(\$ millions)
Aboriginal and Northern Affairs	1
Employee Benefits and Other Payments	2
Enabling Appropriations	
Internal Reform, Workforce Adjustments and General Salary Increases	8
Industry, Trade and Mines	29

9. TRANSFER FOR DEBT RETIREMENT

The government transferred \$305 million from the Debt Retirement Fund to the Operating Fund for the specific purpose of reducing general purpose debt. The transfer was made in accordance with subsection 8 (6) of The Balanced Budget, Debt Repayment and Tax Payer Protection Act.

10. BALANCED BUDGET LEGISLATION

Section 6 of The Balanced Budget, Debt Repayment and Taxpayer Protection Act requires the Minister of Finance to report on compliance with the Act in the audited financial statements of the Operating Fund for each fiscal year. The Statement of Revenue and Expenditure shows a surplus of \$11 million in the Operating Fund. The government is therefore in compliance with the Act.

11. SUBSEQUENT EVENT

On August 18, 2000, the Balanced Budget, Debt Repayment and Taxpayer Protection Amendment and Consequential Amendments Act was passed amending The Balanced Budget, Debt Repayment and Taxpayer Protection Act, with related amendments to The Fiscal Stabilization Fund Act and The Financial Administration Act. The Bill changes the name of the Act to The Balanced Budget, Debt Repayment and Taxpayer Accountability Act. This Act is deemed to have come into force on April 1, 2000 and applies to fiscal years commencing after March 31, 2000. The major changes ensure that transfers to and from The Fiscal Stabilization Fund and The Debt Retirement Fund are not recorded as expenditure or revenue but as transfers; broaden the scope of debt repayment to include the pension liability of the government; and ensure that the proceeds from the sale of a Crown corporation are not used in determining whether there is a positive or negative balance for a fiscal year.

12. COMPARATIVE FIGURES

Certain of the 1999 financial statement figures have been restated to be consistent with the 2000 presentation.

SCHEDULE 1

SCHEDULE OF BORROWINGS

As at March 31, 2000

Fiscal Year of Maturity	(\$ millions)					Totals	
	Bonds and Debentures Cdn	US	Canada Pension Plan Cdn	Prom Notes and Treasury Bills Cdn		2000	1999
2000.....	-	-	-	-		-	1,618
2001.....	1,535	509	111	532		2,687	2,205
2002.....	519	1,017	135	-		1,671	1,714
2003.....	1,359	1,070	132	-		2,561	2,113
2004.....	797	815	126	-		1,738	1,767
2005.....	1,145	70	119	-		1,334	872
2000-2005.....	<u>5,355</u>	<u>3,481</u>	<u>623</u>	<u>532</u>		<u>9,991</u>	<u>10,289</u>
2006-2010.....	3,355	727	587	-		4,669	3,304
2011-2020.....	1,983	945	296	-		3,224	3,220
2021-2031.....	1,237	508	-	-		1,745	1,805
2006-2031.....	<u>6,575</u>	<u>2,180</u>	<u>883</u>	<u>-</u>		<u>9,638</u>	<u>8,329</u>
Total Borrowings.....	<u>11,930</u>	<u>5,661</u>	<u>1,506</u>	<u>532</u>		<u>19,629</u>	<u>18,618</u>
Reduced by:							
Unamortized Debt Issue Costs.....	31	9	-	-		40	33
Debt of the Province of Manitoba held as Provincial Investments	68	-	-	-		68	67
	<u>11,831</u>	<u>5,652</u>	<u>1,506</u>	<u>532</u>		<u>19,521</u>	<u>18,518</u>

Note 1: All the above amounts are expressed in Canadian dollars.

Note 2: Interest rates on these borrowings range from approximately 4.39% to 17.51%.

ACCOUNTS PAYABLE, ACCRUED CHARGES, PROVISIONS AND DEFERRALS

SCHEDULE 2

As at March 31, 2000

	(\$ millions)	
	2000	1999
Accounts Payable.....	303	322
Accrued Charges:		
Interest Accrued on Provincial Borrowings and Trust Funds.....	318	320
Other Accrued Liabilities:		
Agriculture Income Disaster Assistance Program.....	45	-
Agrometrological Centre of Excellence.....	1	-
Canada Manitoba Adjustment Program.....	40	-
Communities Economic Development Fund.....	1	1
Community Access Program.....	6	-
Compensation for Victims of Crime.....	20	20
Crown Organizations - Vacation Liability.....	12	12
Doctors' Settlement.....	-	9
Elections Manitoba 1999/2000.....	1	-
Farm Disaster Assistance Program.....	1	-
Flood Claims.....	14	14
Flood Costs 1997.....	10	11
Flood Costs 1999.....	3	-
Computer System Development.....	22	-
Hepatitis C Assistance.....	12	12
Infrastructure Works Program.....	-	1
Land Acquisition Claims.....	2	2
Manfor Ltd. Divestiture.....	2	2
Municipal Assistance Program.....	1	11
Net Income Stabilization.....	3	3
Northern Schools Construction Program.....	1	1
Provision for Computer System Upgrades.....	-	59
Provision for Housing Renovations.....	11	14
Ruttan Mines Clean-up.....	5	-
Salaries and Benefits.....	68	63
Salaries and Benefits - Severance.....	110	107
Salt Point Bridge.....	-	1
Tripartite Land Assembly Program.....	2	2
Other.....	1	-
Provision for Future Losses on Guarantees.....	12	8
Deferrals.....	89	77
	<u>1,116</u>	<u>1,072</u>

**AMOUNTS HELD IN TRUST
FOR INVESTMENT OR ADMINISTRATION
AND TRUST ASSETS**

SCHEDULE 3

As at March 31, 2000

	2000	1999
	(\$ millions)	
AMOUNTS HELD IN TRUST		
Government Enterprises.....	1,271	1,215
Crown Organizations.....	593	438
Fiduciary and Other Government Related Trusts.....	101	86
	<u>1,965</u>	<u>1,739</u>
TRUST ASSETS		
Cash and Equivalents.....	762	624
Sinking Funds.....	182	176
Funds on Deposit for Investment.....	1,021	939
	<u>1,965</u>	<u>1,739</u>

Note: The Department of Finance also provides a safekeeping service for various departments, agencies, boards and commissions. In this capacity, it holds custodial trust funds in the form of bonds and other securities not reflected in the above numbers.

AMOUNTS RECEIVABLE

SCHEDULE 4

As at March 31, 2000

	(\$ millions)	
	2000	1999
Taxation Revenue:		
Corporation Capital Tax.....	1	1
Corporation Income Tax.....	51	35
Gasoline Tax.....	13	14
Health and Education Levy.....	21	17
Individual Income Tax.....	107	107
Insurance Corporation Tax.....	10	9
Motive Fuel Tax.....	6	7
Retail Sales Tax.....	83	90
Revenue Act, 1964, Part 1.....	6	5
Tobacco Tax.....	10	11
	<u>308</u>	<u>296</u>
Government of Canada and Other Governments:		
Shared Cost Programs/Agreements.....	123	138
Canada Health and Social Transfer.....	6	4
Equalization.....	17	-
	<u>146</u>	<u>142</u>
Interest Income:		
Province of Manitoba Sinking Fund.....	96	86
Other Investments.....	10	14
	<u>106</u>	<u>100</u>
Other:		
Community Colleges.....	1	1
Employee Purchase Plan.....	1	1
Government Information Systems Management Organization (Man.) Inc.....	-	9
Gross Revenue Insurance Plan.....	6	2
Liquor Control Commission.....	3	-
Regional Health Authorities.....	2	4
Salt Point Bridge.....	-	1
Special Operating Agencies.....	1	-
Sundry Departmental Revenue.....	18	6
Tripartite Stabilization Plan.....	-	2
Vehicle Registration.....	-	7
Water Power Rentals.....	4	4
Winnipeg Jets Hockey Team.....	-	1
	<u>36</u>	<u>38</u>
	<u>596</u>	<u>576</u>

LOANS AND ADVANCES**SCHEDULE 5****As at March 31, 2000**

	(\$ millions)			
	Crown Organizations, and Government Enterprises	Other	2000 Total	1999 Total
Due 1 Year or Less.....	624	39	663	477
Due Over 1 Year.....	7,091	28	7,119	6,829
Total.....	7,715	67	7,782	7,306
Less: Sinking Funds.....	1,296	-	1,296	1,128
	6,419	67	6,486	6,178
Less: Valuation Allowance.....	129	11	140	98
	6,290	56	6,346	6,080
Less: Debt incurred for and repayable by The Manitoba Hydro-Electric Board and Manitoba Telecom Services Inc.....	5,567	25	5,592	5,227
Net.....	723	31	754	853

LONG-TERM INVESTMENTS**SCHEDULE 6****As at March 31, 2000**

	(\$ millions)			
	Crown Corporations	Other	2000 Total	1999 Total
Shares:				
Common.....	9	5	14	14
Preferred.....	2	-	2	2
Special.....	-	2	2	2
Debentures.....	1	-	1	1
Profit Sharing Agreement.....	-	11	11	11
	12	18	30	30
Less: Valuation Allowance.....	7	18	25	25
Net.....	5	-	5	5

CHANGES IN OTHER SPECIAL FUNDS**SCHEDULE 7****For the Year Ended March 31, 2000**

(\$ millions)

	Mining Community Reserve	Quarry Rehabilitation Reserve Fund	Other Funds	Total 2000	Total 1999
Surplus, Beginning of Year.....	<u>19</u>	<u>6</u>	<u>1</u>	<u>26</u>	<u>25</u>
Revenue.....	1	2	2	5	5
Expenditure / Transfers.....	<u>1</u>	<u>2</u>	<u>2</u>	<u>5</u>	<u>4</u>
Net Result for the Year.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>
Surplus, End of Year.....	<u><u>19</u></u>	<u><u>6</u></u>	<u><u>1</u></u>	<u><u>26</u></u>	<u><u>26</u></u>

OPERATING REVENUE AND EXPENDITURE**SCHEDULE 8****For the Year Ended March 31,2000**

(\$ millions)

	2000	1999
	Budget Estimate	Actual
		Actual
OPERATING REVENUE		
Manitoba Collections:		
Retail Sales Tax.....	910	918
Fuel Taxes.....	224	218
Levy for Health and Education.....	230	225
Other Taxes.....	354	370
Fees and Other Revenue.....	226	226
Income Taxes:		
Corporation Income Tax.....	205	307
Individual Income Tax.....	1,646	1,611
Federal Transfers:		
Equalization.....	970	1,272
Canada Health and Social Transfer.....	499	509
Federal Health Supplement.....	131	131
Shared Cost and Other.....	123	162
Crown Corporations.....	379	389
TOTAL OPERATING REVENUE.....	5,897	6,338
OPERATING EXPENDITURE		
Health.....	2,119	2,310
Education and Training.....	1,179	1,188
Family Services and Housing.....	747	743
Community, Economic and Resource Development.....	875	1,069
Justice and Other Governments.....	645	662
Debt Servicing.....	481	465
	6,046	6,437
Less: Budgeted Underexpenditure.....	60	-
TOTAL OPERATING EXPENDITURE.....	5,986	6,437

EXPENDITURE BY TYPE**SCHEDULE 9****For the Year Ended March 31,2000**

	(\$ millions)	
	2000	1999
Personnel Services.....	669	670
Grants/Transfer Payments.....	4,341	3,380
Transportation.....	49	37
Communications.....	25	27
Supplies and Services.....	299	228
Social Assistance Related.....	462	472
Other Operating.....	66	131
Debt Servicing - Department of Finance.....	465	515
- Other Departments.....	14	14
Minor Capital.....	22	-
Amortization of Tangible Capital Assets.....	25	-
	<u>6,437</u>	<u>5,474</u>
Capital.....	<u>-</u>	<u>413</u>
	<u><u>6,437</u></u>	<u><u>5,887</u></u>

NOTE: Debt servicing costs shown above are net of cost recoveries and interest income of \$1,052 million (1999 - \$1,037).

SCHEDULE 10

TANGIBLE CAPITAL ASSETS

For the Year Ended March 31, 2000

(\$ millions)

	BUILDINGS - BRICK, MORTAR, AND STEEL	BUILDINGS - WOOD FRAME	VEHICLES	AIRCRAFT AND VESSELS	MACHINERY, EQUIPMENT AND FURNITURE	ROAD CONSTRUCTION AND MAINTENANCE EQUIPMENT	COMPUTER HARDWARE AND SOFTWARE	ASSETS UNDER CONSTRUCTION	TOTAL
Cost of Tangible Capital Assets									
Opening Costs.....	229	28	2	42	12	45	1	6	365
Add: Assets acquired from Government Information System									
Management Organization.....	-	-	-	-	-	-	60	104	164
Add: Additions during the year.....	-	-	-	-	1	2	46	70	119
Less: Disposals during the year.....	(1)	-	-	-	-	-	-	-	(1)
Less: Write-downs during the year.....	-	-	-	-	-	-	(30)	(25)	(55)
Settlements of Assets under construction.....	7	-	-	1	1	-	77	(86)	-
Closing Costs.....	235	28	2	43	14	47	154	69	592
Accumulated Amortization									
Opening accumulated amortization.....	129	24	2	19	6	31	1	-	212
Add: Accumulated amortization from Government Information System							6	-	6
Management Organization.....	-	-	-	-	-	-	-	-	-
Less: Accumulated amortization on disposals	-	-	-	-	-	-	-	-	-
Add: Amortization.....	5	-	-	2	1	2	15	-	25
Closing Accumulated Amortization.....	134	24	2	21	7	33	22	-	243
Net Tangible Capital Assets	101	4	-	22	7	14	132	69	349

NOTE: During the year, the Province capitalized \$2.5 million of interest relating to assets under construction.

SCHEDULE 11**NET DEBT****For the Year Ended March 31, 2000**

	(\$ millions)	
	2000	1999
Accumulated deficit, end of year.....	6,424	6,495
Tangible capital assets.....	<u>349</u>	<u>-</u>
NET DEBT	<u>6,773</u>	<u>6,495</u>

[illegible]

University of Alberta Library



0 1620 1171 2757